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104TH CONGRESS
1ST SESSION

H. R. 1651

To require the Prospective Payment Assessment Commission to develop separate applicable percentage increases to ensure that medicare beneficiaries who receive services from medicare dependent hospitals receive the same quality of care and access to services as medicare beneficiaries in other hospitals, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 16, 1995

Mr. SHAW introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To require the Prospective Payment Assessment Commission to develop separate applicable percentage increases to ensure that medicare beneficiaries who receive services from medicare dependent hospitals receive the same quality of care and access to services as medicare beneficiaries in other hospitals, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Medicare Dependent
5 Hospital Relief Act of 1995".

1 **SEC. 2. DEVELOPMENT OF SEPARATE APPLICABLE PER-**
2 **CENTAGE INCREASES FOR MEDICARE DE-**
3 **PENDENT HOSPITALS AND OTHER HOS-**
4 **PITALS BY THE PROSPECTIVE PAYMENT AS-**
5 **SESSMENT COMMISSION.**

6 (a) DEVELOPMENT OF SEPARATE APPLICABLE PER-
7 CENTAGE INCREASES.—

8 (1) IN GENERAL.—The Prospective Payment
9 Assessment Commission established under section
10 1886(e)(2) of the Social Security Act (42 U.S.C.
11 1395ww(e)(2)) (in this section referred to as the
12 “Commission”) shall, in accordance with paragraph
13 (2), develop for fiscal year 1997 and each fiscal year
14 thereafter separate applicable percentage increases
15 described in section 1886(b)(3)(B) of such Act (42
16 U.S.C. 1395ww(b)(3)(B)) for medicare dependent
17 hospitals and subsection (d) hospitals which are not
18 medicare dependent hospitals.

19 (2) EQUALIZATION OF MEDICARE MARGINS.—
20 The Commission shall develop separate applicable
21 percentage increases under paragraph (1) such that,
22 if such factors were in effect, the estimated average
23 annual medicare margins of all medicare dependent
24 hospitals in furnishing inpatient hospital services to
25 medicare beneficiaries in such fiscal year would be
26 equal to the average annual medicare margins of all

1 subsection (d) hospitals which are not medicare de-
2 pendent hospitals in furnishing inpatient hospital
3 services to medicare beneficiaries in such fiscal year.

4 (3) BUDGET NEUTRALITY.—The Commission
5 shall provide that the separate applicable percentage
6 increases developed under paragraph (1) would, if in
7 effect, not result in aggregate payments under sec-
8 tion 1886 of the Social Security Act (42 U.S.C.
9 1395ww) to medicare dependent hospitals and sub-
10 section (d) hospitals which are not medicare depend-
11 ent hospitals for the furnishing of inpatient hospital
12 services in a fiscal year in excess of the aggregate
13 payments under such section to such hospitals in
14 such fiscal year if such factors were not in effect.

15 (b) REPORTS.—

16 (1) IN GENERAL.—Beginning in March 1996,
17 the Commission shall, in each of the Commission's
18 March reports to the Congress required under sec-
19 tion 1886(e)(3) of the Social Security Act (42
20 U.S.C. 1395ww(e)(3)) include—

21 (A) the separate applicable percentage in-
22 creases developed by the Commission under
23 subsection (a)(1) for the upcoming fiscal year;
24 and

(B) recommendations on methods to ensure that medicare beneficiaries who receive services furnished by medicare dependent hospitals have the same access and quality of care as medicare beneficiaries who are furnished services by subsection (d) hospitals which are not medicare dependent hospitals.

(2) ANNUAL REVIEW OF MEDICARE MARGINS.—

The Commission shall develop the recommended methods under paragraph (1)(B) after annually reviewing the average medicare margins in medicare dependent hospitals and the impact of such medicare margins on the medicare dependent hospitals' overall profit margins.

SEC. 3. DEFINITIONS.

In this Act, the following definitions apply:

(1) MEDICARE BENEFICIARY.—The term “medicare beneficiary” means an individual who is entitled to benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.).

(2) MEDICARE DEPENDENT HOSPITAL.—The term “medicare dependent hospital” means any subsection (d) hospital—

(A) that is not classified as a sole community hospital under section 1886(d)(5)(D) of

1 the Social Security Act (42 U.S.C.
2 1395ww(d)(5)(D)); and

3 (B) for which not less than 60 percent of
4 its inpatient days were attributable to medicare
5 beneficiaries during 2 of the last 3 preceding
6 fiscal years for which data is available.

7 (3) MEDICARE MARGIN.—

8 (A) IN GENERAL.—The term “medicare
9 margin” means for a fiscal year the ratio ex-
10 pressed as a percentage equal to—

11 (i) the difference between all medicare
12 revenues paid to a hospital for the operat-
13 ing costs of inpatient hospital services in a
14 fiscal year and all medicare program eligi-
15 ble expenses for such operating costs for
16 such fiscal year (as shown by each hos-
17 pital’s HCFA 2552 report submitted annu-
18 ally to the Health Care Financing Admin-
19 istration); divided by

20 (ii) all medicare revenues paid to the
21 hospital for the operating costs of inpatient
22 hospital services for such fiscal year.

23 (B) OPERATING COSTS OF INPATIENT HOS-
24 PITAL SERVICES.—The term “operating costs of
25 inpatient hospital services” has the meaning

1 given such term in section 1886(a)(4) of the
2 Social Security Act (42 U.S.C. 1395ww(a)(4)).
3 (4) SUBSECTION (d) HOSPITAL.—The term
4 “subsection (d) hospital” has the meaning given
5 such term in section 1886(d)(1)(B) of the Social Se-
6 curity Act (42 U.S.C. 1395ww(d)(1)(B)).

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